



# California Public Utilities Commission

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## News Release

FOR IMMEDIATE RELEASE

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### **PUC PRESIDENT COMMENTS ON FERC'S DENIAL OF REHEARING IN COMPLAINT CASE**

SAN FRANCISCO, November 12, 2003 -- California Public Utilities Commission (PUC) President Michael Peevey today issued the following statement in response to the Federal Energy Regulatory Commission's (FERC) Nov. 10, 2003, denial of the PUC's request for rehearing.

"The FERC's denial of rehearing leaves in place long-term contracts entered into between the California Department of Water Resources (CDWR) and four sellers – Mirant American Energy Marketing, LP; Coral Power, L.L.C.; Dynegy Power Marketing, Inc.; and Sempra Energy Resources. These contracts were negotiated during a dysfunctional spot market and reflect in my opinion above market prices. I am very disappointed that FERC has declined to determine based upon the submitted evidence whether or not the contract prices are fair when Section 206 of the Federal Power Act requires FERC to ensure that wholesale power contracts are "just and reasonable." And I am equally disappointed that FERC has determined that the Mobile Sierra public interest standard does not allow contract reformation in this case despite the overwhelming evidence of market manipulation. The PUC submitted ample evidence to FERC, which would support reductions in contract payments or refunds from generators worth billions of dollars to California consumers. Yet FERC again has denied our complaint, leaving in place many years of "unjust and unreasonable" contract payments by Californians to generators that have manipulated the California energy market."

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